

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2527.

LISTED JANUARY 28, 1972

950,000 shares without par value.

Stock Symbol CCY

Post Section 3.4

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

C & C YACHTS LIMITED

Incorporated under the Laws of the Province of Ontario by Letters Patent dated September 26, 1969.

CAPITALIZATION AS AT SEPTEMBER 30, 1971

SHARE CAPITAL

Shares — No par value —

Authorized	Issued and Outstanding	To be Listed
2,000,000	950,000	950,000

1.

APPLICATION

C & C Yachts Limited (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 950,000 shares, without par value, in the capital stock of the Company all of which have been issued and are outstanding as fully paid and non-assessable.

2.

HISTORY

The Company was incorporated in 1969 under the laws of the Province of Ontario to acquire all of the issued and outstanding shares of Belleville Marine Yards Limited, Bruckman Manufacturing Limited, Cuthbertson & Cassian Limited, and Hinterhoeller Limited, all of which companies were incorporated under the Laws of the Province of Ontario.

3.

NATURE OF BUSINESS

The Company and its subsidiary companies are engaged in the design, manufacture and marketing of sailing yachts of fiberglass construction. The Company is a holding company, which provides all of the marketing and some of the financial services for the Group, and which also operates a retail sales division for the market area of Southern Ontario. For details of operation of the subsidiary companies, see Item 9 dealing with Subsidiary Companies. The Company and its subsidiary companies employ approximately 185 people.

4.

INCORPORATION

The Company was incorporated under the Laws of the Province of Ontario by letters patent dated September 26, 1969, with an authorized capital of 2,000,000 shares without par value. There have been no changes in authorized capital from the time of incorporation, to date.

Pursuant to an agreement dated November 28, 1969, between the Company and an underwriter, the Company issued and sold 350,000 shares without par value.

5.

SHARES ISSUED SINCE INCORPORATION

Common shares without par value.

Date of Issue	No. of Shares	Amount Per Share	Total Amount Realized	Purpose of Issue
September 26, 1969	5	\$4.00	\$20.00	Incorporator's shares
October 10, 1969	599,995	\$4.00	\$2,399,980.	As part consideration for the acquisition of Belleville Marine Yards Limited, Bruckmann Manufacturing Limited, Cuthbertson & Cassian Limited, Hinterhoeller Limited.
November 28, 1969	350,000	\$4.185	\$1,464,750.	Expansion of the production facilities of the Group, retirement of notes of the Company issued as part consideration for the acquisition of the subsidiary companies and to increase working capital.

6.

STOCK PROVISIONS AND VOTING POWERS

Shares without par value constitute the Company's only class of share capital. Each share carries one vote at all meetings of the shareholders. All shares rank equally on liquidation and are entitled to participate equally in dividends.

7.

DIVIDEND RECORD

The Company has not paid any dividend on its shares.

8.

RECORD OF PROPERTIES — SEPTEMBER 30, 1971

<u>Description</u>	<u>Square Footage</u>	<u>Condition</u>	<u>Nature of Holding</u>	<u>Mortgage</u> <u>September 30, 1971</u>
526 Regent Street Niagara-on-the-Lake, Ontario.	71,000	Good	Owned by Hinterhoeller Limited (subsidiary)	None
1490 Speers Road Oakville, Ontario.	23,000	Good	Owned by Bruckmann Manufacturing Limited (subsidiary)	18,304 (Note)
11 Water Street Belleville, Ontario.	32,000	Fair	Owned by C & C Yacht Sales Ontario Limited (subsidiary)	None
1486 and 1492 Wallace Road Oakville, Ontario.	10,000	Good	Leased	Not applicable
10 Front Street South Port Credit Ontario.	2,000	Good	Leased by Cuthbertson & Cassian Limited	Not applicable

NOTE: 7½% Bank Loan secured by land and building mortgage — payable in monthly installments of \$208 principal plus interest — maturing in 1979.

9.

SUBSIDIARY COMPANIES (all wholly owned)

1. NAME:	C. & C. Yacht Sales Ontario Limited (formerly — Belleville Marine Limited)
PRESENT ADDRESS:	11 Water Street, Belleville, Ontario.
DATE OF INCORPORATION:	March 14, 1944.
MANNER OF INCORPORATION:	Letters Patent — Ontario.
NATURE OF BUSINESS:	Manufacturer of sailing yachts of fiberglass construction.

NOTE: A Certificate of Amendment of Articles was issued to this Company on October 27, 1971, changing its name to C. & C. Yacht Sales Ontario Limited. The company has ceased to manufacture yachts, and on December 31, 1971, will purchase the Ontario retail sales business from the parent company and will operate thereafter as the retail dealer for C. & C. Yachts Limited in southern Ontario. The address of the company's showroom will be, 1492 Wallace Road, Oakville, Ontario, and its premises at 11 Water Street, Belleville, are to be sold.

CAPITAL STOCK:

COMMON:	Par value	no par value
	Authorized	20,000
	Issued	1,004
	% owned by Parent	100%
PREFERRED:	Description — 6% cumulative, redeemable at par	
	Par value	\$1
	Authorized	20,000
	Issued	7,500 subsequently redeemed and cancelled
	% owned by Parent	Not applicable

2. NAME:	Bruckmann Manufacturing Limited.
ADDRESS:	1490 Speers Road, Oakville, Ontario.
DATE OF INCORPORATION:	November 17, 1966.
MANNER OF INCORPORATION:	Letters Patent — Ontario.
NATURE OF BUSINESS:	Manufacture of sailing yachts of fibreglass construction.

CAPITAL STOCK:

COMMON:	Par value	no par value
	Authorized	12,000
	Issued	12,000
	% owned by Parent	100%

PREFERRED:	Description — 6% non-cumulative, redeemable at premium of 5%	
	Par value	\$10
	Authorized	3,600
	Issued	Nil

3. NAME: Cuthbertson & Cassian Limited.

ADDRESS: 10 Front Street South, Port Credit, Ontario.

DATE OF INCORPORATION: December 18, 1961.

MANNER OF INCORPORATION: Letters Patent — Ontario.

NATURE OF BUSINESS: Design of sailing yachts.

CAPITAL STOCK:

COMMON:	Par value	no par value
	Authorized	40,000
	Issued	1,003
	% owned by Parent	100%

4. NAME: Hinterhoeller Limited

ADDRESS: 525 Regent Street, Niagara-on-the-Lake, Ontario.

DATE OF INCORPORATION: November 7, 1963.

MANNER OF INCORPORATION: Letters Patent — Ontario.

NATURE OF BUSINESS: Manufacture of sailing yachts of fiberglass construction.

CAPITAL STOCK:

COMMON:	Par value	no par value
	Authorized	20,000
	Issued	10,000
	% owned by Parent	100%

PREFERRED: Description — 6% non-cumulative, redeemable at par

Par value

\$10

Authorized

8,000

Issued

800 subsequently redeemed and
cancelled

% owned by Parent

Not applicable

NOTE: On December 31, 1971, Bruckmann Manufacturing Limited, Cuthbertson & Cassian Limited, and Hinterhoeller Limited will amalgamate to form C & C Yachts Manufacturing Limited.

The following are the particulars of C & C Yachts Manufacturing Limited:

HEAD OFFICE TO BE: 526 Regent Street, Niagara-on-the-Lake, Ontario.

OTHER OFFICES TO BE: 1490 Speers Road, Oakville, Ontario.
10 Front Street South, Port Credit, Ontario.

NATURE OF BUSINESS: Design, manufacture and marketing of sailing yachts of fiberglass construction.

CAPITAL STOCK:

COMMON:	Par Value	no par value
	Authorized	40,000
	Issued	5,177
	% owned by Parent	100%

10.

FUNDED DEBT

BRUCKMANN MANUFACTURING LIMITED — 7½% Bank Loan secured by land and building mortgage — payable in monthly installments of \$208 principal plus interest — matures in 1979. Principal outstanding — September 30, 1971 — \$18,304 of which \$2,496 is due and payable in the 1972 Fiscal year.

11.

OPTIONS, UNDERWRITINGS, ETC.

There are 600,000 shares of the Company, being part consideration for the purchase of Belleville Marine Yards Limited, Bruckmann Manufacturing Limited, Cuthbertson & Cassian Limited, and Hinterhoeller Limited, held in escrow by The Royal Trust Company.

The shares are held pursuant to an Escrow Agreement dated November 25, 1969, which provides that such shares may not be released from escrow without the prior written consent of The Ontario Securities Commission and also provides that no transfer, hypothecation or other alienation may be made within the escrow without the prior written consent of the said Commission.

NOTE: on January 6, 1972, The Ontario Securities Commission released 300,000 shares from escrow.

12.

LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchange.

13.

STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with or by any securities commission or any corresponding governmental body or authority are as follows:

The Ontario Securities Commission issued its official receipt dated December 1, 1969, and the Manitoba Securities Commission issued its official receipt dated December 2, 1969, both acknowledging receipt of the material required under The Securities Act (Ontario), and The Securities Act (Manitoba) in reference to the offering of 350,000 shares in the capital stock of the Company.

14.

FISCAL YEAR

The Fiscal year of the Company ends on September 30 in each year.

15.

ANNUAL MEETINGS

The By-laws of the Company provide that the Annual Meeting of the Company shall be held at such place within Ontario, at such time and on such day in each year as the Board, or the Chairman or the President, or a Vice-President who is a Director may from time to time determine.

The last Annual Meeting was held at the Royal York Hotel, Toronto, Ontario, December 21, 1971.

16.

HEAD AND OTHER OFFICES

The Head Office is located at 10 Front Street South, Port Credit, Ontario.

The Company and its subsidiary companies maintain other offices at:

- (a) — 11 Water Street, Belleville, Ontario.
- (b) — 1492 Wallace Road, Oakville, Ontario.
- (c) — 1490 Speers Road, Oakville, Ontario.
- (d) — 526 Regent Street, Niagara-on-the-Lake, Ontario.

17.

TRANSFER AGENT

The Transfer Agent of the Company is:

The Royal Trust Company,
Royal Trust Tower,
Toronto-Dominion Centre,
Toronto, Ontario.

18.

TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19.

REGISTRAR

The Registrar of the Company is:

The Royal Trust Company,
Royal Trust Tower,
Toronto-Dominion Centre,
Toronto, Ontario.



Annual Report for the year ended September 30, 1971



C&C Yachts Limited
10 Front Street South Port Credit Ontario

WHOLLY OWNED SUBSIDIARIES

Belleville Marine Yards Limited
Cuthbertson & Cassian Limited
Bruckmann Manufacturing Limited
Hinterhoeller Ltd.

DIRECTORS & OFFICERS

Taylor, Alan F.B.	Chairman of the Board and Director
Morch, Ian F.	President and Director
Bruckmann, Erich K.L.	Vice-President and Director
Cuthbertson, George H.	Vice-President and Director
Hinterhoeller, George A.	Vice-President and Director
Lewis, Clifford W.	Director
Sale, Robert R.	Director
Brinsmead, Gordon W.	Vice-President
Gray, John S.	Secretary-Treasurer

AUDITORS

Messrs. McDonald, Currie & Co.,
Chartered Accountants 120 Adelaide St. W., Toronto, Ontario

LEGAL COUNSEL

Messrs. Miller, Thomson, Hicks, Sedgewick, Lewis & Healy
7 King St. E., Toronto, Ontario

TRANSFER AGENT & REGISTRAR

Royal Trust Company, Toronto & Montreal

Report of the president to the shareholders.

The consolidated financial statements of C & C Yachts Limited and its subsidiaries for the year end September 30, 1971, together with the report on operations and the report of the Auditors are submitted.

Financials

Item	SUMMARY		
	1970/71	1969/70	% Increase
Sales	\$5,174,734	\$3,894,127	33
Net Earnings/Share	20¢	7¢	187
Cash Flow/Share	37¢	21¢	76
Work Capital Ratio	2:1	2:1	0

Sales were very satisfactory, improving 33% over the previous year. This increase was attributable to a 27% betterment in production boat sales, nearly 2 1/4 times as many custom boat sales, more outside design and increased activity through the company's retail outlet.

Gross profit improved both in absolute and percentage terms while expenses expressed as a percentage of sales decreased, resulting in substantially improved earnings both before and after tax. Net earnings after all normal operating charges amounted to \$191,966 or 20¢/share and cash flow from operations was 37¢/share. This compares to 7¢ and 21¢ per share respectively for the previous comparable fiscal period.

Working capital ratio remains at 2:1, while long term liabilities have increased. The latter represents term bank borrowings for new plant facilities which are still under construction and are 80% completed as of October 30, 1971. The depreciated value of fixed assets has increased from \$809,507 to \$1,194,767 most of which is due to plant expansion.

The 10% surtax on goods entering the United States became effective on August 15/71. However, since shipments are lower during this period and it affects only six weeks of the fiscal period, the resulting extra costs are not material, but the very existence of the surtax will tend to reduce margins since a substantial portion of this burden has to be absorbed.

Reorganization of Production Facilities

An analysis of the operations indicated that the production allocated to the Belleville Division, consisting for the most part of older designs which employed much less production tooling, would not produce the same return as the newer models using a higher degree of tooling under an environment designed for the purposes.

Furthermore, the study showed that in terms of quantity production the Belleville plant could not be economically converted, nor could it be used effectively for specific production as the balance between molding and assembly floor space could not be met; coupled with these factors was a waning demand for the older designs.

Consequently, when viewed with the advantages of centralized production with its attendant benefits of economies and efficiencies of scale and management, a plan of consolidation evolved.

Management concluded that a maximum plant expansion at Niagara of approximately 40,000 square feet will produce the desired operating results and improved earnings. This addition will double the capacity of Niagara from \$3 to \$6 million, which results in a net gain of \$1 1/4 million after allowing for the closing of the Belleville Division.

All production will therefore be under one roof, and when combined with the potential output of the Oakville Custom Boat Division, C & C Yachts' capacity is approximately \$7.5 million, depending on product mix.

Corporate Reorganization

It is intended to amalgamate the three subsidiaries Hinterhoeller Limited, Bruckmann Manufacturing Limited, Cuthbertson & Cassian Limited, with the result that the amalgamated company will carry on manufacturing operations. Belleville Marine Yards Ltd. changed its name to C & C Yacht Sales Ontario Limited, and will carry on the retail yacht sales operation in its present Oakville location.

Marketing & Sales

Our dealer network has again been enlarged in the United States from 23 to 32. Some of these additions are on the south-east and west coast where the buying cycle tends to reduce our usual highly cyclical sales. In addition we have attempted to better service and improve our existing network of distribution.

The results are gratifying, especially when expressed in a sales increase of 33% over the previous comparable period, which also includes increased national sales of about the same percentage magnitude. On an overall basis, your company is 75% export oriented to the United States.

Consequently such factors as the floating dollar and the 10% surtax play a significant part in our operations. This surtax obviously makes us less competitive vis a vis U.S. boat builders, but we believe the demand for our high quality product is sufficiently strong that sales volume will not be affected in the immediate future.

Product line rationalization and the continuous introduction of new designs on a planned basis serves to create a good impact. Our current 1972 production line spans a range from \$5,000 to \$35,000 in six designs, and our limited editions start at \$80,000 and continue to \$160,000 in four models with the gap between currently bridged by special designs for racing and cruising.

COMPARISON OF SALES

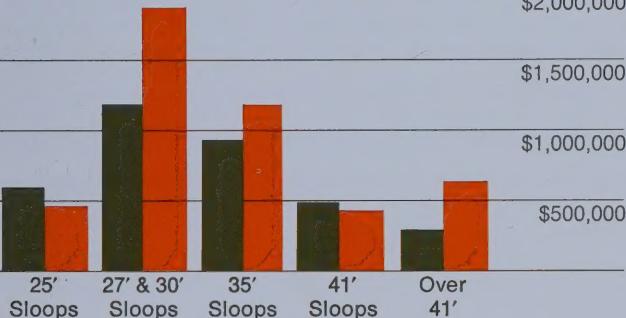
69/70 70/71

\$2,000,000

\$1,500,000

\$1,000,000

\$500,000



Prospects

We are restructuring our franchise system to make it more attractive and are restudying the potential earnings to determine how far this program should be pursued. The industrial product development program did not work out and has been discontinued, and our efforts are now being devoted to the primary task of designing, building and selling boats.

Since C & C Yachts is heavily oriented to exporting to the U.S., President Nixon's economic controls which were designed to improve employment, curb inflation and improve the international balance of payments is significant. These measures should stimulate the U.S. economy and should increase the demand for our products.

Measures of the immediate future are our dealer commitments for production boats and orders in hand for custom boats, both of which has never been higher. Another measure: present day retail activity is high in both Canada and the U.S.; consequently we believe our sales for this coming year will reach at least \$6,000,000.

The consolidated production facilities at Niagara, offering greater capacity and certain economies coupled with more centralized management and the above sales forecast, should see earnings once again improve.

We appreciate the continued support of our employees and shareholders which make C & C Yachts possible.

Submitted by Ian F. Morsch, P.Eng., President.

C & C Yachts Limited and subsidiary companies**Consolidated balance sheet as at September 30, 1971**

ASSETS	1971	1970
CURRENT ASSETS		
Cash	\$ 49,049	\$ 105,860
Accounts receivable	590,734	472,156
Inventories —at the lower of cost or net realizable value (note 1)	928,148	713,635
Income taxes recoverable	—	64,404
Prepaid expenses	23,869	19,767
	1,591,800	1,375,822
INVESTMENT — at cost (quoted value \$8,300; 1970 — \$12,200)	100	100
FIXED ASSETS (note 2)	1,194,767	809,507
EXCESS OF COST OF SHARES IN SUBSIDIARY COMPANIES OVER NET BOOK VALUE AT DATE OF ACQUISITION	2,492,992	2,492,992
	\$5,279,659	\$4,678,421

AUDITORS' REPORT TO THE SHAREHOLDERS

November 5, 1971

We have examined the consolidated balance sheet of C & C Yachts Limited and subsidiary companies as at September 30, 1971 and the consolidated statements of earnings, retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1971 and the results of their operations and source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.


 McDonald, Currie & Co. Chartered Accountants

LIABILITIES

1971

1970

CURRENT LIABILITIES

Bank advances — secured (note 3)	\$ 50,640	\$ 355,427
Accounts payable and accrued liabilities	551,844	255,768
Deposits from customers	98,731	88,235
Income taxes	93,833	—
	795,048	699,430

LONG-TERM DEBT

Bank loan — secured (note 3)	335,000	—
7½ % mortgage loan due 1979 less current instalments of \$2,496	15,808	18,304
	350,808	18,304
DEFERRED INCOME TAXES	38,400	57,250
	\$1,184,256	774,984

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 2,000,000 shares without par value

Issued and fully paid — 950,000 shares	\$3,864,770	3,864,770
RETAINED EARNINGS	230,633	38,667
	4,095,403	3,903,437
	\$5,279,659	\$4,678,421

Signed on behalf of the Board



Director



Director

C&C Yachts Limited and subsidiary companies**Consolidated statements of earnings and retained earnings**

For the year ended September 30, 1971

STATEMENT OF EARNINGS

	1971	1970
SALES	\$5,174,734	\$3,894,127
COST OF SALES	4,116,856	3,123,117
GROSS PROFIT	1,057,878	771,010
SELLING AND ADMINISTRATIVE EXPENSES	757,232	618,344
	300,646	152,666
PROVISION FOR INCOME TAXES	108,680	74,461
EARNINGS BEFORE EXTRAORDINARY ITEM	191,966	78,205
LOSS ON REVALUATION, NET OF INCOME TAX	—	8,769
NET EARNINGS FOR THE YEAR	191,966	69,436
EARNINGS PER SHARE BASED ON THE SHARES OUTSTANDING AT SEPTEMBER 30, 1971		
Earnings before extraordinary item	20 cents	8 cents
Net earnings for the year	20 cents	7 cents

STATEMENT OF RETAINED EARNINGS

BALANCE — BEGINNING OF YEAR	\$ 38,667	—
Net earnings for the year	191,966	\$ 69,436
Financing expenses — net of income tax of \$35,500	—	30,769
BALANCE — END OF YEAR	\$ 230,633	\$ 38,667

C&C Yachts Limited and subsidiary companies**Consolidated statement of source and use of working capital**

For the year ended September 30, 1971

SOURCE OF WORKING CAPITAL	1971	1970
Net earnings for the year	\$ 191,966	\$ 69,436
Items not affecting working capital —		
Depreciation	182,103	116,141
Deferred income taxes	(18,850)	13,000
Provided from operations	355,219	198,577
Bank loan	335,000	—
Issue of shares for cash	—	1,464,790
Deferral of income taxes previously included in current liabilities	—	22,500
	690,219	1,685,867
USE OF WORKING CAPITAL		
Purchase of fixed assets	567,363	391,935
7½ % mortgage instalments	2,496	2,496
Financing expenses — net of income tax	—	30,769
Payment of notes issued in connection with the acquisition of shares in subsidiary companies	—	488,412
	569,859	913,612
INCREASE IN WORKING CAPITAL	120,360	772,255
WORKING CAPITAL — BEGINNING OF YEAR	676,392	—
Less: Working capital deficiency of subsidiary companies at date of acquisition	—	95,863
WORKING CAPITAL — END OF YEAR	\$ 796,752	\$ 676,392

Notes to consolidated financial statements

1. INVENTORIES

Inventories are classified as follows:

	1971	1970
Finished yachts	\$ 241,033	\$ 80,193
Yachts in process	147,804	197,424
Raw materials and supplies	539,311	436,018
	\$ 928,148	\$ 713,635

2. FIXED ASSETS AND CAPITAL COMMITMENTS

Fixed assets and related accumulated depreciation comprise the following:

	1971		1970
	Cost	Accumulated depreciation	Net
Land	\$ 41,752	—	\$ 41,752
Buildings	639,923	\$ 120,011	519,912
Machinery and equipment	745,129	367,300	377,829
Construction in progress	255,274	—	255,274
	\$1,682,078	\$ 487,311	\$1,194,767
			\$ 809,507

The cost to complete construction in progress is estimated to be \$97,000.

3. BANK LOAN AND ADVANCES

Bank loan and advances are secured by a general assignment of book debts and a floating charge debenture over the assets of the company and its subsidiary companies.

4. FOREIGN EXCHANGE

Assets and liabilities in United States dollars have been converted at the rate of exchange prevailing at September 30, 1971.

5. STATUTORY INFORMATION

The following amounts are included in the statement of earnings:

	1971	1970
Remuneration paid by the company and its subsidiary companies to the directors and senior officers (as defined by The Business Corporations Act, 1970)	\$ 119,542	\$ 128,500
Depreciation	182,103	116,141



AUDITORS

The Auditors of the Company are:

McDonald, Currie & Company,
120 Adelaide Street West,
Toronto, Ontario.

DIRECTORS AND OFFICERS

The Directors and Officers of the Company are:

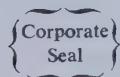
Name and Address	Office	Principal Occupation
Alan F. B. Taylor 12 Romney Road Islington, Ontario.	Director and Chairman of the Board	Vice-Chairman of the Board and Director of Bramalea Consolidated Developments Limited, and, prior to October, 1971, President and Director of Bramalea Consolidated Developments Limited
Ian Francis Morch R.R. #1 Belleville, Ontario.	Director and President	President of the Company since incorporation in 1969; President, Morch Manufacturing Limited and Belleville Marine Yards Limited*
Erich Karl Ludwig Bruckmann 189 Waldencroft Road Burlington, Ontario.	Director and Vice-President	President, Bruckmann Manufacturing Limited* Marine Yards Limited*
George Harding Cuthbertson, 218 Kenollie Avenue Port Credit, Ontario.	Director and Vice-President	President, Cuthbertson & Cassian Limited*
George Anton Hinterhoeller 265 Ricardo Street Niagara-on-the-Lake, Ontario.	Director and Vice-President	President, Hinterhoeller Limited*
Clifford Lewis	Director	Partner in the law firm of Miller, Thomson, Hicks, Sedgewick, Lewis & Healy
Robert Rhys Sale 21 Dale Avenue Toronto 5, Ontario.	Director	Director and Officer or employee, Walwyn, Stodgell & Co. Limited
Gordon Wilson Brinsmead 474 Simcoe Street Niagara-on-the-Lake, Ontario	Vice-President	Employee, Hinterhoeller Limited*
John Stewart Gray 21 Wilberton Road Toronto 7, Ontario.	Secretary-Treasurer	Chartered Accountant, Secretary-Treasurer of the Company since January, 1971, and Controller from September, 1970, to January, 1971. Controller of ATV Manufacturing Limited from April, 1970, to September, 1970; Office Manager, Associated Medical Services, Inc., September, 1968, to March, 1970; prior to September, 1968, Audit Manager with McDonald, Currie & Company of Toronto, Ontario

*Subsidiary Companies

CERTIFICATE

Pursuant to a resolution passed by its Board of Directors, C & C Yachts Limited hereby applies for a listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and the documents submitted in support thereof, are true and correct.

C & C YACHTS LIMITED



per: "IAN F. MORCH",
President
per: "J. S. GRAY",
Secretary-Treasurer

DISTRIBUTION OF CAPITAL STOCK AS OF DECEMBER 31, 1971.

Number							Shares
6	.....	Holders of	1 —	24	share lots	.....	28
35	.....	,,	25 —	99	,,	,,	1,630
239	.....	,,	100 —	199	,,	,,	24,325
192	.....	,,	200 —	299	,,	,,	38,825
52	.....	,,	300 —	399	,,	,,	15,700
20	.....	,,	400 —	499	,,	,,	8,100
90	.....	,,	500 —	999	,,	,,	48,855
87	.....	,,	1000 —	up	,,	,,	812,537
<u>721</u>	Shareholders					Total Shares	<u>950,000</u>

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered.

New Issue

C & C YACHTS LIMITED

350,000 Common Shares

without par value

There is no market for the Common Shares of the Company. The price of the Common Shares offered by this prospectus was determined by negotiation between the Company and the Underwriter.

	Price to Public	Underwriter's Discount	Proceeds to the Company (1)
Per Common Share	\$4.50	\$.315	\$4,185
Total	\$1,575,000	\$110,250	\$1,464,750
(1) Before deduction of expenses of issue estimated at \$50,000.			

These securities may be regarded as speculative. Reference is made to the Pro Forma Combined Statement of Earnings on page 11 and to the dilution factor described below.

Based on the Pro Forma Consolidated Balance Sheet appearing on pages 9 and 10 the Common Shares of the Company before financing had no net tangible value and after financing had a net tangible value of \$1.44 per share. Accordingly the purchasers of Common Shares will, from an accounting point of view, suffer a dilution of \$3.06 per share representing the difference between the issue price to the public of \$4.50 per share and the net tangible value after financing of \$1.44 per share.

We, as principals, offer these Common Shares, subject to prior sale, if, as and when issued by the Company and accepted by us, subject to the approval of all legal matters on our behalf by Messrs. Fraser & Beatty of Toronto and on behalf of the Company by Messrs. Miller, Thomson, Hicks, Sedgewick, Lewis & Healy of Toronto and subject to the right to reject any application in whole or in part and to withdraw this offer at any time without prior notice. It is expected that definitive share certificates will be available for delivery on or about December 12, 1969.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

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C & C YACHTS LIMITED

C & C Yachts Limited (the "Company") was incorporated under the laws of the Province of Ontario by letters patent dated September 26, 1969. Its head office and principal office is at 10 Front Street South, Port Credit, Ontario. Pursuant to agreements dated as of October 10, 1969, the Company acquired all of the issued and outstanding shares of Belleville Marine Yards Limited, Bruckmann Manufacturing Limited, Cuthbertson & Cassian Limited and Hinterhoeller Limited. These acquisitions brought together businesses engaged in the design, manufacture and marketing of sailing yachts of fibre glass construction.

Belleville Marine Yards Limited

Belleville Marine Yards Limited ("Belleville Marine") builds sailing yachts in Belleville, Ontario. Belleville Marine was incorporated as a private company in 1944 and began the manufacture of fibre glass sailing yachts in 1966. Belleville Marine operates in buildings having 20,000 square feet some of which are leased. An additional 12,000 square feet of manufacturing space in buildings now owned by Belleville Marine but leased to a tenant will become available to Belleville Marine prior to September, 1970. As at September 30, 1969 there were 55 full-time employees.

Production has increased from twenty-four 31' auxiliary sloops in 1966-67 to forty 31' auxiliary sloops, eight 35' auxiliary sloops and nine 40' auxiliary sloops in 1968-69. Of the 57 sailing yachts manufactured in 1968-69, 45 were sold in the United States and 12 in Canada.

The President of Belleville Marine is Mr. Ian Morsch, aged 45, a graduate engineer of the University of Toronto and an M.B.A. from Stanford University. He has been associated with the boat manufacturing business and related marine industries since 1952. Mr. Morsch has been instrumental in developing the current fibre glass yacht building business of Belleville Marine. The Plant Manager is Mr. Peter Blacklock, aged 31, who joined Belleville Marine in 1968.

Bruckmann Manufacturing Limited

Bruckmann Manufacturing Limited ("Bruckmann") builds sailing yachts in Oakville, Ontario. Bruckmann was incorporated as a private company in 1966 and since then has manufactured fibre glass boats, primarily of custom design, ranging in length from 25 feet to 50 feet. Bruckmann operates in two plants, one which it owns, consisting of 10,200 square feet and presently being expanded by 6,400 square feet for an estimated cost of \$110,000 for plant and equipment, and the other which it leases, consisting of 3,200 square feet. As at September 30, 1969 there were 20 full-time employees.

Because of the nature of its business, Bruckmann's production in terms of units has been relatively small, consisting of three 41' custom auxiliary sloops in 1966-67, six of the same in 1967-68 and a total of 29 units in 1968-69, of which 24 were 25' production sloops and five were custom auxiliary sloops. Three of the last mentioned units were Canada's Cup contenders.

The President of Bruckmann, Mr. Erich Bruckmann, has been associated in various capacities in the manufacture of sailing yachts since 1950. Mr. Bruckmann, aged 39, emigrated to Canada in 1954. He is widely recognized in boating circles for the quality of his work and prior to this year was solely a custom boat builder. He built the yacht **Red Jacket** referred to below and recently the three Canada's Cup contenders from Canada, **Bagatelle**, **True North** and **Manitou** of which **Manitou** was the successful Canadian defender.

Cuthbertson & Cassian Limited

Cuthbertson & Cassian Limited ("C & C"), which was incorporated in 1961, will provide a substantial part of the yacht designs to the group. C & C leases its premises in Port Credit, Ontario and employs a design staff of five including the two principals, Mr. George Cuthbertson and Mr. George Cassian, and has five other employees in various capacities. C & C currently has 18 of its sailing yacht designs, ranging in length from 16 feet to 45 feet, in production by eleven builders in North America and overseas. C & C is perhaps best known for its design of the 40' sloop **Red Jacket** and recently the three Canada's Cup contenders from Canada of which **Manitou** successfully defended the 'Cup' against the U.S. challenger. C & C also carries on an active yacht brokerage and sales business.

The founders and principals of C & C are Mr. George Cuthbertson and Mr. George Cassian. Mr. Cuthbertson, aged 40, is a graduate engineer from the University of Toronto. He has been associated with sailing since 1943 and, due to his success in this field, was commissioned in 1955 to design a large ocean racing yawl. The design resulted in the building of a 54-footer which dominated Lake Ontario competition for several years after it was launched in 1958. Mr. Cassian, aged 37, who has also been associated with sailing and sailing yachts for most of his life, was employed by Mr. Cuthbertson briefly in 1959 and re-joined him in 1960, taking an interest in C & C when it was incorporated in 1961.

Hinterhoeller Limited

Hinterhoeller Limited ("Hinterhoeller") was incorporated as a private company in 1963 and is engaged in the building of boats in Niagara-on-the-Lake, Ontario. Hinterhoeller owns its own plant located on 2½ acres of land and has 14,000 square feet devoted to production with an expansion programme under way to increase its facilities to 34,000 square feet for an estimated cost of \$215,000 for plant and equipment. Hinterhoeller's best known boat has been the 24' Shark which was designed by Mr. George Hinterhoeller and since 1960 more than 800 have been built and sold in Canada, the United States and Europe. In addition to the Shark, Hinterhoeller currently is producing the HR 25, the HR 28 and the C & C designed Redwing 30. In 1968-69 the total number of sailing yachts produced was 181. As at September 30, 1969 Hinterhoeller had 57 full-time employees.

Mr. George Hinterhoeller, aged 41, the President of Hinterhoeller, has been building boats since 1945. After serving his apprenticeship in Europe, he emigrated to Canada in 1952, started his own firm in 1957 and was joined by Mr. Gordon Brinsmead in 1959.

INTEGRATION OF THE FOUR COMPANIES

The integration of the four firms brought together a unique combination of talent in the designing and manufacturing of sailing boats. The principals are all approximately the same age and have had many years experience in their various fields. The Company anticipates that major benefits will flow from the integration in the fields of purchasing, production, marketing and financing.

The President and chief executive officer of the Company, Mr. Ian Morsch, is responsible for marketing and finance. Working with Mr. Morsch are three Vice-Presidents, Mr. George Cuthbertson in charge of design, Mr. Erich Bruckmann in charge of custom manufacturing and mould development and Mr. George Hinterhoeller in charge of production.

CAPITALIZATION				
	Note 1			
<u>Designation</u>	<u>Authorized</u>	<u>Outstanding as of June 30, 1969</u>	<u>Outstanding as of September 30, 1969</u>	<u>Outstanding after completion of this financing</u>
DEBT				
Long-term debt of subsidiaries (2)	—	\$ 69,269	\$ 67,145	\$ 67,145
Secured bank loans of subsidiaries	—	\$ 15,470	\$ 75,470	\$ —
CAPITAL STOCK				
Shares without par value	2,000,000	600,000	600,000	950,000
("Common Shares")	(\$5,000,000)	(\$2,400,000)	(\$2,400,000)	(\$3,864,750)

NOTES:

- After giving effect to the incorporation of the Company, the issue of five Common Shares for \$20 cash and the issue of 599,995 Common Shares for the shares of subsidiaries pursuant to agreements dated as of October 10, 1969. All the outstanding shares of Belleville Marine Yards Limited, Bruckmann Manufacturing Limited, Hinterhoeller Limited and Cuthbertson & Cassian Limited were acquired by the Company pursuant to such agreements for a consideration of \$2,888,392 satisfied as to \$488,412 by notes of the Company and as to the balance by the issue of an aggregate of 599,995 Common Shares of the Company.
- Reference is made to Note 8 to the Financial Statements on page 13 as to the long-term indebtedness of the Company's subsidiaries.
- Reference is made to Note 12 to the Financial Statements on page 13 as to the Company's long-term lease commitments.

PRINCIPAL SHAREHOLDERS

As at October 31, 1969 the number of Common Shares owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known by the Company to own beneficially, directly or indirectly, more than 10% of the Common Shares of the Company, is as follows:

Name and Address	Type of Ownership	No. of Common Shares Owned	Percentage of Outstanding Common Shares
GEORGE CUTHBERTSON, 318 Kenollie Avenue, Port Credit, Ontario.	Of record and beneficially	100,000	17%
IAN MORCH, R.R. # 1, Belleville, Ontario.	Of record and beneficially	150,000	25%
ERICH BRUCKMANN, 2415 Applewood Drive, Oakville, Ontario.	Of record and beneficially	105,000	18%
GEORGE HINTERHOELLER, 624 King Street, Niagara-on-the-Lake, Ontario.	Of record and beneficially	76,500	13%
GORDON BRINSMEAD, 474 Simcoe Street, Niagara-on-the-Lake, Ontario.	Of record and beneficially	73,500	12%

As at October 31, 1969 the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, 555,000 Common Shares or 93% of the then outstanding Common Shares and 58% of the Common Shares to be outstanding after giving effect to this financing.

ESCROWED SHARES

Pursuant to an escrow agreement dated November 25, 1969 made between The Royal Trust Company, the Company and Messrs. George Cuthbertson, Ian Morch, Erich Bruckmann, George Hinterhoeller, George Cassian, Gordon Brinsmead and Elisabeth Bruckmann all of the 600,000 presently outstanding Common Shares of the Company are held in escrow by The Royal Trust Company. The escrow agreement provides that such Common Shares may not be released from escrow without the prior written consent of the Ontario Securities Commission and also provides that no transfer, hypothecation or other alienation may be made within the escrow without the prior written consent of the said Commission.

USE OF PROCEEDS

The net proceeds from the sale of the Common Shares offered by this prospectus will amount to \$1,414,750 after deducting estimated financing expenses of \$50,000 and will be used (i) to retire a loan in the amount of \$16,671 payable to Lillian Morch, the wife of Ian Morch, a director and senior officer of the Company, (ii) to retire bank loans of subsidiary companies which at September 30, 1969 amounted to \$75,470 and were incurred to provide working capital, (iii) to finance the costs of the expansion programme as described under the headings "Bruckmann Manufacturing Limited" and "Hinterhoeller Limited" on pages 3 and 4 which amount to approximately \$325,000 for plant and equipment, (iv) to retire outstanding advances to subsidiaries from shareholders of the Company in the amount of \$94,937, (v) to retire the notes of the Company referred to in Note 1 under "Capitalization" on page 4 in the amount of \$488,412 and (vi) to increase the working capital of the Company by the balance of approximately \$414,260 which will be used primarily to expand production.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated November 17, 1969 (the "Underwriting Agreement") made between the Company and Walwyn, Stodgell & Co. Limited (the "Underwriter"), the Company has agreed to sell and the Underwriter has agreed to purchase, on the terms and conditions therein set out, 350,000 Common Shares without par value of the Company for an aggregate price of \$1,464,750.

The Underwriting Agreement provides that the purchase price for the said 350,000 Common Shares is payable in cash against delivery of certificates for the said Common Shares and upon and subject to all the terms and conditions set out in the Underwriting Agreement. In certain circumstances the Underwriter has the right to withdraw from its obligations to purchase the said 350,000 Common Shares but in no event may it purchase part only of such Common Shares.

DESCRIPTION OF COMMON SHARES

The Common Shares without par value of the Company will constitute the only authorized and outstanding shares of the Company and all outstanding Common Shares will be fully paid and non-assessable. Each holder of Common Shares will be entitled to one vote for each Common Share held and will also be entitled to share rateably in any dividends or other distributions to shareholders.

DIVIDENDS

The Company has paid no dividends on its outstanding Common Shares since its incorporation on September 26, 1969. Except for a dividend of \$2,700 declared in 1969 by Belleville Marine Yards Limited and a dividend of \$480 declared in 1969 by Hinterhoeller Limited, the subsidiaries of the Company have declared and paid no dividends during the past five years.

MANAGEMENT

Directors and Officers

The names and home addresses in full of the directors and officers of the Company and the positions and offices held by each and their principal occupations within the five preceding years, are as follows:

Name and Home Address	Office	Principal Occupation
GEORGE HARDING CUTHBERTSON, 318 Kenollie Avenue, Port Credit, Ontario.	Chairman of the Board, Vice-President and Director	President, Cuthbertson & Cassian Limited.
IAN FRANCIS MORCH, R.R. # 1, Belleville, Ontario.	President and Director	President, Morch Manufacturing Limited and Belleville Marine Yards Limited.
ERICH KARL LUDWIG BRUCKMANN, 2415 Applewood Drive, Oakville, Ontario.	Vice-President and Director	President, Bruckmann Manufacturing Limited since 1966; previously proprietor, E. B. Woodworking Manufacturing.
GEORGE ANTON HINTERHOELLER, 624 King Street, Niagara-on-the-Lake, Ontario.	Vice-President and Director	President, Hinterhoeller Limited.
GORDON WILSON BRINSMEAD, 474 Simcoe Street, Niagara-on-the-Lake, Ontario.	Secretary	Secretary, Hinterhoeller Limited.
GEORGE CASSIAN, 1531 Petrie Way, Mississauga, Ontario.	Treasurer	Secretary-Treasurer, Cuthbertson & Cassian Limited.
ROBERT RHYS SALE, 21 Dale Avenue, Toronto 5, Ontario.	Director	Director and officer or employee, Walwyn, Stodgell & Co. Limited.

Remuneration

The Company has not paid any direct remuneration to its directors and senior officers. The aggregate direct remuneration paid or payable to the directors and senior officers of the Company by the subsidiaries of the Company for their respective financial periods ended June 30, 1969 as referred to in Note 3 to the Financial Statements on page 12 was \$87,799 and for the period from July 1, 1969 to September 30, 1969 was \$45,778.

As referred to under the heading "Interest of Management in Material Transactions" on page 8, each of Messrs. Cuthbertson, Morsch, Bruckmann, Hinterhoeller, Brinsmead and Cassian has entered into an employment agreement with the Company and the subsidiary with which he is directly associated providing for the payment to such persons of an aggregate remuneration of \$128,500 per year for a period of three years from November 1, 1969, all upon the terms and subject to the conditions set forth in such agreements.

PROMOTERS

Messrs. George Cuthbertson, Ian Morsch, Erich Bruckmann and George Hinterhoeller may be regarded as promoters of the Company by virtue of the definition of promoter contained in the securities legislation of some provinces of Canada.

MATERIAL CONTRACTS

The material contracts entered into by the Company and its subsidiaries within the two years preceding the date of this prospectus, other than in the ordinary course of business, are as follows:

1. Underwriting agreement dated November 17, 1969 made between the Company and Walwyn, Stodgell & Co. Limited, referred to under the heading "Plan of Distribution" on page 5.
2. Purchase agreement dated as of October 10, 1969 made between the Company and Ian Morsch providing for the purchase by the Company of all the outstanding shares of Belleville Marine Yards Limited for an aggregate price of \$733,329 satisfied as to \$133,337 by notes of the Company and as to \$599,992 by the issue of 149,998 Common Shares of the Company.
3. Purchase agreement dated as of October 10, 1969 made between the Company and Erich Bruckmann providing for the purchase by the Company of all the outstanding shares of Bruckmann Manufacturing Limited for an aggregate price of \$746,369 satisfied as to \$146,373 by notes of the Company and as to \$599,996 by the issue of 149,999 Common Shares of the Company.
4. Purchase agreement dated as of October 10, 1969 made between the Company and George Hinterhoeller and Gordon Brinsmead providing for the purchase by the Company of all the outstanding shares of Hinterhoeller Limited for an aggregate price of \$712,694 satisfied as to \$112,698 by notes of the Company and as to \$599,996 by the issue of 149,999 Common Shares of the Company.
5. Purchase agreement dated as of October 10, 1969 made between the Company and George Cuthbertson and George Cassian providing for the purchase by the Company of all the outstanding shares of Cuthbertson & Cassian Limited for an aggregate price of \$696,000 satisfied as to \$96,004 by notes of the Company and as to \$599,996 by the issue of 149,999 Common Shares of the Company.
6. Agreement dated December 5, 1968, amended by agreement dated July 7, 1969, made between Cuthbertson & Cassian Limited, George Cuthbertson and George Cassian, Lindsey Plastics ("Lindsey") of California and others, whereby Lindsey has been given the right to manufacture boats of C & C design in the United States until December 1972. This agreement provides for payment of royalties by Lindsey in respect of boats manufactured by it and also contains a restriction against C & C authorizing others to build boats designed by C & C in the United States. Reference is also made to Note 10 to the Financial Statements on page 13.
7. Agreement dated July 10, 1969 made between Hinterhoeller Limited and The R. Timms Construction and Engineering Limited providing for the expansion of the manufacturing facilities of Hinterhoeller Limited for a base price of \$78,450. Reference is also made to Note 9 to the Financial Statements on page 13.
8. Agreement dated November 13, 1968 made between Bruckmann Manufacturing Limited and Dole Valve Company Limited providing for the purchase by Bruckmann Manufacturing Limited of property at 1490 Speers Road, Oakville, Ontario for a purchase price of \$65,000.
9. Agreement dated October 29, 1969 made between Bruckmann Manufacturing Limited and Dewcon Structures Limited providing for the expansion of the manufacturing facilities of Bruckmann Manufacturing Limited for a base price of \$41,443.
10. Escrow agreement dated November 25, 1969 referred to under the heading "Escrowed Shares" on page 5.

Copies of the foregoing agreements and contracts may be inspected during ordinary business hours at the head office of the Company, 10 Front Street South, Port Credit, Ontario while the securities offered by this prospectus are in the course of primary distribution to the public and for a period of 30 days thereafter.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

1. Each of George Cuthbertson, Ian Morch, Erich Bruckmann, George Hinterhoeller, Gordon Brinsmead and George Cassian has entered into an employment agreement with the Company and the subsidiary with which he is directly associated providing for his employment by the Company and such subsidiary for a period of three years from November 1, 1969.
2. Certain of the premises occupied by Belleville Marine Yards Limited in Belleville, Ontario are owned by Morch Manufacturing Limited, a company controlled by Ian Morch, a director and senior officer of the Company. Belleville Marine Yards Limited leases these premises under two leases, one for a term of five years from July 1, 1969 (renewable for two further terms of five years each), the other for a term of 25 years from July 1, 1969. Total rentals under these leases are \$6,840 per year.
3. Cuthbertson & Cassian Limited leases its premises in Port Credit, Ontario under a lease from Helen Isabella Cuthbertson for a term of three years from October 1, 1969 at an annual rental of \$6,180. Helen Isabella Cuthbertson is the wife of George Cuthbertson, a director and senior officer of the Company.
4. Reference is made to the agreements described in items 2 to 6 inclusive under the heading "Material Contracts" on page 7.

LEGAL MATTERS

Legal matters in connection with the sale of the Common Shares offered by this prospectus will be passed upon on behalf of the Underwriter by Messrs. Fraser & Beatty of Toronto and on behalf of the Company by Messrs. Miller, Thomson, Hicks, Sedgewick, Lewis & Healy of Toronto.

AUDITORS

The auditors of the Company are Messrs. McDonald, Currie & Co., Chartered Accountants, 120 Adelaide Street West, Toronto, Ontario.

TRANSFER AGENT AND REGISTRAR

The Royal Trust Company at its principal offices in Toronto and Montreal is the transfer agent and registrar for the Common Shares of the Company.

**C & C YACHTS LIMITED
and Subsidiary Companies**

**PRO FORMA CONSOLIDATED BALANCE SHEET "A"
and
PRO FORMA CONSOLIDATED BALANCE SHEET "B"
as at June 30, 1969**

	Assets	Pro forma consolidated balance sheet "A" (note 1) before financing \$	Pro forma consolidated balance sheet "B" (notes 1 and 2) after financing \$
CURRENT ASSETS			
Cash.....	102,828	577,088	
Accounts receivable.....	343,258	343,258	
Inventories, at the lower of cost or net realizable value (note 5).....	473,433	473,433	
Prepaid expenses.....	6,047	6,047	
	<hr/>	<hr/>	
	925,566	1,399,826	
INVESTMENTS, at cost.....	17,140	17,140	
FIXED ASSETS (note 6).....	387,866	387,866	
ESTIMATED PROCEEDS OF ISSUE TO BE EXPENDED ON PLANT EXPANSION	—	325,000	
ESTIMATED DEFERRED FINANCING EXPENSES.....	—	50,000	
EXCESS OF COST OF INVESTMENT IN SHARES OF SUBSIDIARIES OVER BOOK			
VALUE OF THE NET ASSETS.....	2,495,993	2,495,993	

APPROVED ON BEHALF OF THE BOARD

(Signed) IAN F. MORCH, *Director*

(Signed) G. H. CUTHBERTSON, *Director*

Auditors' Report

To the Directors,
C & C YACHTS LIMITED

We have examined the pro forma consolidated balance sheet "A" and the pro forma consolidated balance sheet "B" of C & C Yachts Limited and subsidiaries as at June 30, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion: (a) the pro forma consolidated balance sheet "A" presents fairly the financial position of the companies
TORONTO, Ontario,
November 17, 1969.

C & C YACHTS LIMITED
and Subsidiary Companies

PRO FORMA CONSOLIDATED BALANCE SHEET "A"
and
PRO FORMA CONSOLIDATED BALANCE SHEET "B"
as at June 30, 1969

	Liabilities	Pro forma consolidated balance sheet "A" (note 1) before financing	Pro forma consolidated balance sheet "B" (notes 1 and 2) after financing
		\$	\$
CURRENT LIABILITIES			
Bank loans (secured—note 7).....	15,470	—	—
Accounts payable and accrued liabilities.....	464,159	447,488	447,488
Deposits from customers.....	143,091	143,091	143,091
Income taxes.....	133,647	133,647	133,647
Current instalments of long-term debt.....	14,552	14,552	14,552
Dividends payable.....	3,180	3,180	3,180
Advances from shareholders (including \$74,019 from directors).....	94,937	—	—
Notes payable on acquisition of subsidiary companies (including \$399,791 to directors).....	488,412	—	—
	<u>1,357,448</u>	<u>741,958</u>	<u>741,958</u>
LONG-TERM DEBT less current instalments (note 8).....	54,717	54,717	54,717
DEFERRED INCOME TAXES.....	14,400	14,400	14,400
	<u>1,426,565</u>	<u>811,075</u>	<u>811,075</u>

Shareholders' Equity

CAPITAL STOCK

Authorized by letters patent dated September 26, 1969—
2,000,000 common shares without par value

Issued and fully paid (note 4)—

600,000 shares.....	2,400,000	—
950,000 shares.....	—	3,864,750
	<u>2,400,000</u>	<u>3,864,750</u>
	<u>3,826,565</u>	<u>4,675,825</u>

as at June 30, 1969 after giving effect to the transactions set out in note 1 thereto; (b) the pro forma consolidated balance sheet "B" presents fairly the financial position of the companies as at the same date, after giving effect to the additional transactions set out in note 2 thereto; both in accordance with generally accepted accounting principles.

(Signed) McDONALD, CURRIE & Co.
Chartered Accountants.

**C & C YACHTS LIMITED
and Subsidiary Companies**

PRO FORMA COMBINED STATEMENT OF EARNINGS

	Period ended June 30 (note 3)		For the five fiscal years ended (note 3) (unaudited)				
	1969	1968 (unaudited)	1968	1967	1966	1965	1964
	\$	\$	\$	\$	\$	\$	\$
SALES.....	2,985,336	1,919,090	2,040,160	1,434,621	1,075,353	642,192	369,104
EARNINGS BEFORE DEDUCTING THE FOLLOWING:.....	410,835	171,799	142,481	129,588	81,404	57,122	25,556
Depreciation.....	57,660	38,360	49,240	35,083	25,515	15,219	14,369
Interest on long-term debt.....	7,531	5,848	6,815	6,298	2,963	1,962	1,174
	65,191	44,208	56,055	41,381	28,478	17,181	15,543
EARNINGS BEFORE INCOME TAXES.....	345,644	127,591	86,426	88,207	52,926	39,941	10,013
INCOME TAXES (note 11).....	144,800	41,126	24,324	21,115	11,529	12,765	2,041
NET EARNINGS FOR THE PERIOD (note 11).....	200,844	86,465	62,102	67,092	41,397	27,176	7,972

Auditors' Report

To the Directors,
C & C YACHTS LIMITED

We have examined the pro forma combined statement of earnings of C & C Yachts Limited and subsidiaries for the period from the end of 1968 financial years of the constituent companies to June 30, 1969 (note 3). We made a general review of the accounting procedures. Because this was the first period of our appointment as auditors of Belleville Marine Yards Limited and Hinterhoeller Limited we did not attend the physical inventories taken at June 30, 1968 and September 30, 1968 respectively and we have therefore been unable to form an opinion on the fairness of the inventory figures of those companies at those dates. Except for this, our examination included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Because of the materiality of the opening inventories of Belleville Marine Yards Limited and Hinterhoeller Limited we are unable to express an opinion on the combined cost of sales and the overall combined results of operations of the companies for the period ended June 30, 1969.

In our opinion the combined statement of earnings presents fairly the companies' income, costs (other than cost of sales) and expenses for the period ended June 30, 1969, in accordance with generally accepted accounting principles applied on a consistent basis.

TORONTO, Ontario
November 17, 1969

(Signed) McDONALD, CURRIE & CO.
Chartered Accountants

C & C YACHTS LIMITED
and Subsidiary Companies

NOTES TO FINANCIAL STATEMENTS
for the Five Years and the Period Ended June 30, 1969

1. PRO FORMA CONSOLIDATED BALANCE SHEET "A"

The pro forma consolidated balance sheet "A" of C & C Yachts Limited as at June 30, 1969 gives effect to the incorporation under the laws of Ontario on September 26, 1969 of C & C Yachts Limited and the subsequent acquisition (pursuant to agreements dated as of October 10, 1969) of all of the outstanding shares of Belleville Marine Yards Limited, Bruckmann Manufacturing Limited, Cuthbertson & Cassian Limited and Hinterhoeller Limited in exchange for the issue of 599,995 shares valued at \$2,399,980 and notes of \$488,412. The pro forma consolidated balance sheet "A" of C & C Yachts Limited as at June 30, 1969 includes the accounts of these companies. Assets and liabilities in U.S. dollars have been converted at the rate of exchange prevailing at June 30, 1969.

2. PRO FORMA CONSOLIDATED BALANCE SHEET "B"

The pro forma consolidated balance sheet "B" of C & C Yachts Limited as at June 30, 1969 gives effect as at June 30, 1969 to the transactions set out in note 1 and to the following additional transactions:

- (a) the issue and sale of 350,000 shares at \$4.185 per share for \$1,464,750 cash;
- (b) the payment of estimated financing expenses in connection with the issue of \$50,000 and the charge thereof to estimated deferred financing expenses;
- (c) the application of the net proceeds of \$1,414,750 to retire a loan in the amount of \$16,671, to retire bank loans of subsidiary companies which as at September 30, 1969 amounted to \$75,470, for plant expansion of \$325,000, to retire advances from shareholders of \$94,937 and notes payable on acquisition of subsidiary companies of \$488,412.

3. PRO FORMA COMBINED STATEMENT OF EARNINGS

The pro forma combined statement of earnings of C & C Yachts Limited for the five fiscal years and the period ended June 30, 1969 gives effect as at June 30, 1969 to the acquisition of the companies referred to in note 1 and includes the accounts of such companies for periods set out below:

	Periods ended		Periods ended					
	June 30	1969	1968	1967	1966	1965	1964	
Belleville Marine Yards Limited								
Years ended.....	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
Bruckmann Manufacturing Limited and predecessor unincorporated business (prior to November 17, 1966)								
Eight months ended.....	June 30		June 30 (unaudited)					
Years ended.....				Oct. 31	Oct. 31 (unaudited)		Dec. 31 (unaudited)	
Ten months ended.....						Oct. 31 (unaudited)		
Seven months ended.....							Dec. 31 (unaudited)	
Cuthbertson & Cassian Limited								
Ten months ended.....	June 30		June 30 (unaudited)					
Eight months ended.....				Aug. 31				
Years ended.....					Dec. 31	Dec. 31	Dec. 31	Dec. 31
Hinterhoeller Limited								
Nine months ended.....	June 30		June 30 (unaudited)					
Years ended.....				Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30

4. CAPITAL STOCK

Subsequent to incorporation the company issued fully paid shares as follows:

	Number of shares	\$
For cash.....	5	20
For all the issued capital stock of:		
Belleville Marine Yards Limited.....	149,998	599,992
Bruckmann Manufacturing Limited.....	149,999	599,996
Cuthbertson & Cassian Limited.....	149,999	599,996
Hinterhoeller Limited.....	<u>149,999</u>	<u>599,996</u>
	<u>600,000</u>	<u>2,400,000</u>

The 599,995 shares issued for other than cash were issued at a consideration which the directors determined to be the fair equivalent of a cash consideration of \$2,399,980.

5. INVENTORIES

Inventories are classified as follows:

	\$
Raw materials.....	341,705
Work in process.....	122,242
Finished goods.....	<u>9,486</u>
	<u>473,433</u>

6. FIXED ASSETS

Fixed assets are classified as follows:

	Cost	Accumulated depreciation	Total
Land.....	\$ 21,652	\$ —	\$ 21,652
Buildings.....	316,993	57,403	259,590
Machinery and equipment.....	253,195	146,571	106,624
	<u>591,840</u>	<u>203,974</u>	<u>387,866</u>

7. SECURITY FOR BANK LOANS

Bank loans are secured by a general assignment of book debts, inventories and collateral mortgages on certain fixed assets.

8. LONG-TERM DEBT

	Current portion	Long-term portion	Total
5½% bank loan secured by chattel and land mortgages.....	3,056	6,668	9,724
7½% bank loan secured by land and building mortgage.....	2,496	21,424	23,920
10% bank loan secured by a floating charge debenture.....	9,000	21,550	30,550
Other long-term loans.....	<u>—</u>	<u>5,075</u>	<u>5,075</u>
	<u>14,552</u>	<u>54,717</u>	<u>69,269</u>

9. CAPITAL COMMITMENT

At June 30, 1969 the estimated cost to complete capital projects of Hinterhoeller Limited, a subsidiary company, amounted to approximately \$146,000 (approximately \$78,000 has been committed).

10. SUBSEQUENT EVENT

Pursuant to an agreement dated May 8, 1969, Cuthbertson & Cassian Limited, a subsidiary company, exchanged on July 7, 1969, 100 shares of Lindsey Plastics held at June 30, 1969 for 3,500 shares of Elgin National Industries, Inc. Of these shares 1,750 are being held in escrow for 3 years from July 7, 1969. The market value of the 3,500 shares as at July 7, 1969 was approximately \$42,000.

11. INCOME TAXES

Income taxes have been provided on the combined statement of earnings as if the company and its subsidiaries were not associated for tax purposes. If the companies had been associated for tax purposes income taxes would have been increased and net earnings would have been decreased as follows:

Fiscal years ended	\$
1965.....	1,600
1966.....	5,200
1967.....	15,100
1968.....	12,200
Periods ended June 30	
1968 (unaudited).....	17,700
1969.....	30,500

12. LEASE COMMITMENTS

The companies' minimum commitments under long-term building and property leases will amount to approximately \$13,000 annually during the next five years.

BELLEVILLE MARINE YARDS LIMITED

STATEMENT OF EARNINGS for the Six Years ended June 30

	1969	1968	1967	1966	1965	1964
	\$	\$	\$	\$	\$	\$
SALES.....	1,167,793	573,827	326,984	57,221	58,725	28,118
EARNINGS BEFORE THE FOLLOWING.....	147,974	22,778	29,305	5,447	1,277	1,571
Depreciation.....	26,007	13,234	7,324	4,788	741	1,021
Interest on long-term debt.....	2,986	1,205	1,053	659	536	550
	28,993	14,439	8,377	5,477	1,277	1,571
EARNINGS BEFORE INCOME TAXES.....	118,981	8,339	20,928	—	—	—
INCOME TAXES.....	52,800	1,726	4,813	—	—	—
NET EARNINGS FOR THE YEAR.....	66,181	6,613	16,115	—	—	—

NOTE:

The company commenced to carry on its present boat building business in the fiscal year ended June 30, 1967.

Depreciation on moulds for 1967 and 1968 has been restated to reflect the company's present policy of depreciating moulds over a three year period.

The effect of this change on these financial statements is to decrease depreciation and increase net earnings for the five years ended June 30, 1968 as follows:

	1968	1967
	\$	\$
Depreciation.....	1,210	8,094
Net earnings for the year.....	930	6,267

During the years 1964, 1965 and 1966 depreciation on fixed assets had been recorded in the accounts at the same amounts as were claimed for tax purposes. Had depreciation been recorded at normal rates net earnings for those years would have been decreased by \$2,800, \$3,100 and \$100 respectively.

STATEMENT OF RETAINED EARNINGS

RETAINED EARNINGS—BEGINNING OF YEAR.....	26,847	20,234	4,119	4,119	4,119	4,119
Net earnings for the year.....	66,181	6,613	16,115	—	—	—
	93,028	26,847	20,234	4,119	4,119	4,119
Dividends—Preference Shares.....	2,700	—	—	—	—	—
RETAINED EARNINGS—END OF YEAR.....	90,328	26,847	20,334	4,119	4,119	4,119

Auditors' Report

To the Directors,

BELLEVILLE MARINE YARDS LIMITED.

We have examined the statements of earnings and retained earnings of Belleville Marine Yards Limited for the five years ended June 30, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the results of operations of the company for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

BELLEVILLE, Ontario
November 17, 1969

(Signed) SODEN & SODEN
Auditors

Auditors' Report

To the Directors,

BELLEVILLE MARINE YARDS LIMITED.

We have examined the statements of earnings and retained earnings of Belleville Marine Yards Limited for the year ended June 30, 1969. We made a general review of the accounting procedures. Because this was the first year of our appointment as auditors, we did not attend the physical inventories taken at June 30, 1968 and we have therefore been unable to form an opinion on the fairness of the inventory figures at that date. Except for this, our examination included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Because of the materiality of the opening inventories we are unable to express an opinion on the cost of sales and overall combined results of operations of the company for the year ended June 30, 1969.

In our opinion these financial statements present fairly the company's income, costs (other than cost of sales) and expenses for the year ended June 30, 1969, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, Ontario
November 17, 1969

(Signed) McDONALD, CURRIE & CO.
Chartered Accountants

BRUCKMANN MANUFACTURING LIMITED
and Predecessor Business

STATEMENT OF EARNINGS

	Eight months ended June 30, 1969	Eight months ended June 30, 1968	Year ended October 31, 1968	Year ended October 31, 1967	Ten months ended October 31, 1966	Year ended December 31, 1965	Seven months ended December 31, 1964
SALES	402,893	264,433	277,582	200,897	99,047	31,247	17,914
EARNINGS BEFORE THE FOLLOWING	114,552	73,672	39,200	36,194	19,242	3,572	2,606
Depreciation	11,427	6,032	10,762	6,225	993	1,116	689
Interest on long-term debt	1,145	1,150	1,718	1,907	—	—	—
	12,572	7,182	12,480	8,132	993	1,116	689
EARNINGS BEFORE INCOME TAXES	101,980	66,490	26,720	28,062	18,249	2,456	1,917
INCOME TAXES	46,400	26,000	6,276	6,457	4,197	565	441
NET EARNINGS FOR THE PERIOD	55,580	40,490	20,444	21,605	14,052	1,891	1,476

NOTES:

- The amounts shown for 1967 and 1968 have been restated from amounts previously reported to reflect adjustments made as a result of capitalizing moulds that had previously been written off. Moulds are depreciated over three years on a straight line basis.
- Bruckmann Manufacturing Limited was incorporated on November 17, 1966. The amounts shown for the period from June 1, 1964 to October 31, 1966 represent the earnings from the predecessor business after drawings by Mr. Bruckmann, the proprietor, and income taxes calculated at normal corporate rates.

STATEMENT OF RETAINED EARNINGS

RETAINED EARNINGS—							
BEGINNING OF PERIOD	42,049	21,605	21,605	—	3,367	1,476	—
Net earnings for the period	55,580	40,490	20,444	21,605	14,052	1,891	1,476
RETAINED EARNINGS—							
END OF PERIOD	97,629	62,095	42,049	21,605	17,419	3,367	1,476

Auditors' Report

To the Directors,
 BRUCKMANN MANUFACTURING LIMITED.

We have examined the statements of earnings and retained earnings of Bruckmann Manufacturing Limited for the year ended October 31, 1968 and the eight months ended June 30, 1969. We made a general review of the accounting procedures. Because the year ended October 31, 1968 was the first year of our appointment as auditors we did not attend the physical inventory at October 31, 1967 and we have therefore been unable to form an opinion on the fairness of the inventory figure at that date. Except for this our examinations included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The accompanying statements of earnings and retained earnings for the year and periods before November 1, 1968 have not been examined by ourselves or other auditors. Accordingly we are unable to express any opinion thereon.

Because of the materiality of the opening inventory we are unable to express an opinion on the overall results of the company's operations for the year ended October 31, 1968.

In our opinion these financial statements present fairly the company's income, costs (other than cost of sales) and expenses for the year ended October 31, 1968, and the results of its operations for the eight months ended June 30, 1969 in accordance with generally accepted accounting principles applied on a consistent basis.

TORONTO, Ontario
 November 17, 1969

(Signed) McDONALD, CURRIE & Co.
Chartered Accountants

CUTHBERTSON & CASSIAN LIMITED

STATEMENT OF EARNINGS

	Ten months ended June 30, 1969 (\$)	Ten months ended June 30, 1968 (\$)	Eight months ended August 31, 1968 (\$)	Years ended December 31 1967 \$	1966 \$	1965 \$	1964 \$
GROSS REVENUE (including royalties)	<u>939,858</u>	<u>418,639</u>	<u>336,523</u>	<u>356,786</u>	<u>344,132</u>	<u>218,371</u>	<u>67,819</u>
EARNINGS BEFORE THE FOLLOWING.....	<u>76,535</u>	<u>26,069</u>	<u>8,023</u>	<u>5,957</u>	<u>4,387</u>	<u>1,224</u>	<u>1,642</u>
Depreciation.....	<u>2,187</u>	<u>1,133</u>	<u>1,133</u>	<u>2,444</u>	<u>2,396</u>	<u>1,764</u>	<u>1,097</u>
Interest on long-term debt... ..	<u>300</u>	<u>550</u>	<u>275</u>	<u>550</u>	<u>571</u>	<u>506</u>	<u>185</u>
	<u>2,487</u>	<u>1,683</u>	<u>1,408</u>	<u>2,994</u>	<u>2,967</u>	<u>2,270</u>	<u>1,282</u>
EARNINGS (LOSS) BEFORE INCOME TAXES.....	<u>74,048</u>	<u>24,386</u>	<u>6,615</u>	<u>2,963</u>	<u>1,420</u>	<u>(1,046)</u>	<u>360</u>
INCOME TAXES.....	<u>29,000</u>	<u>5,700</u>	<u>1,543</u>	<u>545</u>	<u>132</u>	<u>—</u>	<u>—</u>
NET EARNINGS (LOSS) FOR THE PERIOD.....	<u>45,048</u>	<u>18,686</u>	<u>5,072</u>	<u>2,418</u>	<u>1,288</u>	<u>(1,046)</u>	<u>360</u>

STATEMENT OF RETAINED EARNINGS

RETAINED EARNINGS (DEFICIT)							
—BEGINNING OF PERIOD.....	<u>8,675</u>		<u>3,603</u>	<u>1,185</u>	<u>(103)</u>	<u>943</u>	<u>583</u>
Net earnings (loss) for the period.....	<u>45,048</u>		<u>5,072</u>	<u>2,418</u>	<u>1,288</u>	<u>(1,046)</u>	<u>360</u>
RETAINED EARNINGS (DEFICIT)							
—END OF PERIOD.....	<u>53,723</u>		<u>8,675</u>	<u>3,603</u>	<u>1,185</u>	<u>(103)</u>	<u>943</u>

Auditors' Report

To the Directors,
CUTHBERTSON & CASSIAN LIMITED.

We have examined the statements of earnings and retained earnings of Cuthbertson & Cassian Limited for the four years ended December 31, 1967 and the eight months ended August 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the results of operations of the company for the years and period then ended in accordance with generally accepted accounting principles applied on a consistent basis.

PORT CREDIT, Ontario
November 17, 1969

(Signed) SADDINGTON, GREENFIELD & Co.
Chartered Accountants

Auditors' Report

To the Directors,
CUTHBERTSON AND CASSIAN LIMITED.

We have examined the statements of earnings and retained earnings of Cuthbertson and Cassian Limited for the ten months ended June 30, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the results of operations of the company for the ten months ended June 30, 1969, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

TORONTO, Ontario
November 17, 1969

(Signed) McDONALD, CURRIE & Co.
Chartered Accountants

HINTERHOELLER LIMITED

STATEMENT OF EARNINGS

	Nine months ended June 30, 1969 (unaudited)		Years ended September 30				
	Nine months ended June 30, 1968	1968	1967	1966	1965	1964	
	\$	\$	\$	\$	\$	\$	
SALES	<u>985,534</u>	<u>862,191</u>	<u>1,177,385</u>	<u>860,791</u>	<u>640,417</u>	<u>450,910</u>	<u>277,243</u>
EARNINGS BEFORE THE FOLLOWING	<u>71,774</u>	<u>49,280</u>	<u>72,480</u>	<u>58,132</u>	<u>52,328</u>	<u>51,049</u>	<u>19,737</u>
Depreciation	<u>18,039</u>	<u>17,031</u>	<u>24,390</u>	<u>19,090</u>	<u>17,338</u>	<u>11,598</u>	<u>11,562</u>
Interest on long-term debt	<u>3,100</u>	<u>2,943</u>	<u>3,617</u>	<u>2,788</u>	<u>1,733</u>	<u>920</u>	<u>439</u>
	<u>21,139</u>	<u>19,974</u>	<u>28,007</u>	<u>21,878</u>	<u>19,071</u>	<u>12,518</u>	<u>12,001</u>
EARNINGS BEFORE INCOME TAXES	<u>50,635</u>	<u>29,306</u>	<u>44,473</u>	<u>36,254</u>	<u>33,257</u>	<u>38,531</u>	<u>7,736</u>
INCOME TAXES	<u>16,600</u>	<u>7,700</u>	<u>14,500</u>	<u>9,300</u>	<u>7,200</u>	<u>12,200</u>	<u>1,600</u>
NET EARNINGS FOR THE YEAR	<u>34,035</u>	<u>21,606</u>	<u>29,973</u>	<u>26,954</u>	<u>26,057</u>	<u>26,331</u>	<u>6,136</u>

NOTE:

These financial statements reflect a change in the rate of depreciation of moulds made in 1969. For the years ended September 30, 1968 the company depreciated moulds at the rate of 15% on the declining balance basis. Moulds are now depreciated on a three year straight line basis.

The effect of this change on these financial statements is to increase depreciation and decrease net earnings for the five years ended September 30, 1968 as follows:

	1968	1967	1966	1965	1964
Depreciation	\$ 4,053	\$ 3,465	\$ 6,486	\$ 4,631	\$ 3,182
Net earnings for the year	2,161	2,262	4,415	3,580	2,271

STATEMENT OF RETAINED EARNINGS

RETAINED EARNINGS—							
BEGINNING OF YEAR	<u>115,451</u>	<u>85,478</u>	<u>85,478</u>	<u>58,524</u>	<u>32,467</u>	<u>6,136</u>	<u>—</u>
Net earnings for the year	<u>34,035</u>	<u>21,606</u>	<u>29,973</u>	<u>26,954</u>	<u>26,057</u>	<u>26,331</u>	<u>6,136</u>
	<u>149,486</u>	<u>107,084</u>	<u>115,451</u>	<u>85,478</u>	<u>58,524</u>	<u>32,467</u>	<u>6,136</u>
Dividends—Preference Shares	<u>480</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
RETAINED EARNINGS—							
END OF YEAR	<u>149,006</u>	<u>107,084</u>	<u>115,451</u>	<u>85,478</u>	<u>58,524</u>	<u>32,467</u>	<u>6,136</u>

To the Directors,
HINTERHOELLER LIMITED.

Auditors' Report

We have examined the statements of earnings and retained earnings of Hinterhoeller Limited for the five years ended September 30, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the results of operations of the company for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

St. CATHARINES, Ontario
November 17, 1969

(Signed) JOSCELYN, LAUGHLIN, HARPER, TORY & ASSOCIATES
Chartered Accountants

To the Directors,
HINTERHOELLER LIMITED.

Auditors' Report

We have examined the statements of earnings and retained earnings of Hinterhoeller Limited for the nine months ended June 30, 1969. We made a general review of the accounting procedures. Because this was the first period of our appointment as auditors, we did not attend the physical inventories taken at September 30, 1968 and we have therefore been unable to form an opinion on the fairness of the inventory figures at that date. Except for this, our examination included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Because of the materiality of the opening inventories we are unable to express an opinion on the cost of sales and overall combined results of operations of the company for the nine months ended June 30, 1969.

In our opinion these financial statements present fairly the company's income, costs (other than cost of sales) and expenses for the nine months ended June 30, 1969, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, Ontario
November 17, 1969

(Signed) McDONALD, CURRIE & Co.
Chartered Accountants

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Section 63 and 64 of The Securities Act, 1966 (Ontario) and Sections 63 and 64 of The Securities Act, 1968 (Manitoba) provide, in effect, that where a security is offered to the public in the course of primary distribution a purchaser has the right in certain events and subject to certain conditions:

- (a) to withdraw from the contract of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus offering such security is received by the purchaser or his agent; and
- (b) to rescind the contract of purchase by commencing an action within 90 days from the date of such contract or the date of receipt of the final prospectus or amended final prospectus by the purchaser or his agent, whichever is later, if such prospectus or amended prospectus as of the date of receipt contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder and by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

November 28, 1969

(Signed) IAN F. MОРCH
Chief Executive Officer

(Signed) G. CASSIAN
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) G. H. CUTHERBERTSON
Director

(Signed) G. A. HINTERHOELLER
Director

Promoters

(Signed) IAN F. MОРЧ

(Signed) G. A. HINTERHOELLER

(Signed) G. H. CUTHERBERTSON

(Signed) E. BRUCKMANN

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder and by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

November 28, 1969

WALWYN, STODGELL & CO. LIMITED
by: (Signed) J. P. WALWYN

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Walwyn, Stodgell & Co. Limited: J. P. Walwyn, S. J. Stodgell, J. C. Stodgell, B. Collombin and R. R. Sale.